

## Avoid Investment Fraud & Abuse

Older Americans are the number one target of investment con artists. The elderly may also be victimized by unscrupulous financial professionals engaging in abusive and fraudulent practices.

The Montana State Auditor's Office investigates many cases in which elderly individuals are cheated out of their life savings, retirements and even the equity in their homes. You can avoid investment fraud and abuse by following these prevention tips.

**Do not be a courtesy victim by allowing con artists into your home.** Older Americans often extend hospitality to phone callers and visitors to their homes. Con artists will not hesitate to exploit the good manners of potential victims. Do not stay on the phone with a stranger who wants your money.

**Check out all deals, especially those offered by strangers.** Do not trust a stranger with your personal financial matters. Say no to anybody who pressures you to make an immediate decision. Give yourself time to check out the salesperson, firm and the investment opportunity. Make an informed decision about the investment opportunity by calling the Montana Securities Department in the State Auditor's Office at 1-800-332-6148 or in Helena at 444-2040 and ask if the salesperson is registered.

**Stay in charge of your money.** Con artists will offer to "take care of everything," but that is a favor that can cost you your life savings. Do not put your money into an investment you don't understand. If you do not understand securities and investing, involve a family member, your banker, a lawyer or another trusted financial professional.

**Never judge a person's integrity by appearance or demeanor.** Successful con artists may look and sound professional. A nice voice, particularly on the phone, has no bearing on the soundness of an investment opportunity. Be wary of slick brochures and elaborate Internet sites that may be created to lure investors.

**Do not let con artists prey on your fears.**

Older Americans have many financial concerns. Will their savings last through their retirement years? Will a downturn in the economy leave them penniless? Con artists are familiar with these fears and will use them to try to scare you into participating in their investment scheme.

**Exercise particular caution if you are an older woman.**

Many women in their retirement years received little or no education about handling money when they were young. Older women, particularly those who received insurance payments following the death of their husbands, are prime targets for con artists.

**Monitor your investments and ask tough questions.**

Once you have invested your money, keep a close eye on your investment. Insist on regular written and oral reports. Look for signs of excessive or unauthorized trading of your funds. You must authorize each trade your broker executes unless you have granted him/her written discretionary authority or limited power of attorney. Do not be swayed by assurances that these practices are routine and in your best interest. Be on your guard if you have trouble retrieving principal or cashing out profits. Unscrupulous promoters may pocket the funds of their victims and often go to great lengths to explain why an investor's savings are not readily accessible.

**Understand your financial needs.**

Define your investment goals. Make sure your investments are suitable for your needs and appropriate for achieving your goals. Be careful not to make changes that would result in a disruption to your monthly income. Make sure you understand all the risks before you part with your hard-earned money.

**Report all fraud or abuse.**

Do not let embarrassment or fear keep you from reporting investment fraud or abuse. Many older Americans fear that being a victim of fraud will reflect poorly on their ability to care for themselves. Con artists count on these fears to prevent or delay reports to authorities. It is important to report fraud immediately so it can be stopped. You may help save others from becoming victims.

**Ask for help.**

Most securities sales are legitimate, but some are unsuitable, fraudulent or too risky and should not be purchased. Call the Montana Securities Department in the State Auditor's Office at 1-800-332-6148 or in Helena at 444-2040 if you have questions about an investment opportunity or investment representative.